G’day investors!

Welcome to Wilma Wealth Management, I am White Green, your most trusted investment companion!

In tonight's session, here is an overview of the content:

1. The three major indices of the ASX have risen as expected. The XJO Index has moved in line with the early morning analysis, reaching around 7780 as anticipated. What are the reasons behind the significant upward movement of the index? How should we interpret the market for tomorrow?
2. An explanation of institutional thinking versus retail thinking in the market through case studies, highlighting behavioural biases.
3. A discussion on individual stocks within an investment portfolio.

In today's trading, the three major indices of the ASX exhibited a broad upward trend. The XJO Index briefly reached an intraday high of 7778.6, aligning with our early morning forecast of 7780.

On the market front, interest rate-sensitive sectors such as utilities, financials, and real estate performed well, each gaining over 1%. These sectors' strong performance provided substantial support for the broad market's upward trend. Additionally, OPEC's decision over the weekend to extend crude oil production cuts significantly boosted the energy sector today, driving up energy stocks. Despite the overall positive market performance, the technology sector fell by 0.72% today, influenced by the sharp decline in US tech stocks on Friday. This indicates that the market remains concerned about the short-term risks associated with tech stocks.

In today's trading, we witnessed the XJO Index rapidly rise, driven by strong gains in heavyweight sectors such as financials and real estate, demonstrating the market's robust momentum. After a swift early morning surge, the index slightly retreated upon encountering resistance at the 13-day moving average (MA13), but then oscillated around this high level for the remainder of the day.

From a technical perspective, today's market performance is particularly encouraging, as the index successfully reclaimed the key moving averages of MA5, MA34, MA55, and MA89. This shift indicates a significant improvement in the technical outlook, undoubtedly boosting the market's bullish sentiment. Additionally, the MACD indicator in the accompanying chart shows a contraction in the red momentum bars, and the KDJ indicator's bullish crossover and upward opening both suggest that market momentum is developing favourably for further gains.

However, given the close relationship between the Australian and US sharemarkets, tonight's performance of the US sharemarket will have a significant impact on our market. To more accurately predict tomorrow's market trend, we must closely monitor the US market's movements tonight. If the US market performs strongly, we can expect the XJO Index to continue challenging and potentially breaking through the resistance at the 13-day moving average (MA13), thereby initiating a new upward trajectory.

Tonight, I will share a case study from our investment portfolio's performance in the US sharemarket last year. This is not just a story of trading but a session on recognising market opportunities and enhancing investment skills. By providing a detailed analysis of my holding strategy and trading decisions, I hope to help everyone see the financial markets more clearly and act more decisively. The goal is to improve investors' ability to identify market opportunities, enhance investment skills, and change behavioural biases in the market.

At the beginning of 2023, Tesla's stock price had reached its lowest point in nearly two years. However, with the company showing significant improvements in both operating revenue and net profit in its fourth quarter 2022 financial report, along with an increase in new car deliveries, we brought Tesla back into our tracking scope. In March, our team developed a detailed trading plan for Tesla and made our first purchase on March 16. That month, the stock's return reached 10% at one point. However, as the first-quarter financial report approached, Tesla's Q1 earnings performance fell short of market expectations, leading to a sharp decline in the stock price on April 20, turning the profits into a 10% loss.

Faced with this situation, our team conducted in-depth research. We remain confident in Tesla's leadership in the electric vehicle market and its technological innovation capabilities, believing these will yield long-term benefits. Therefore, we decided to take profits on some of the stocks that had gained significantly and reallocate, increasing our position in Tesla stock.

After two months of waiting, the stock price finally stopped falling around $150 and began to rebound, climbing steadily. As the second quarter earnings report approached, the stock price continued to rise, at one point nearing $300. Despite revenue growth doubling and EPS increasing by 20% in the second quarter, the stock price turned from gains to losses due to an unexpected decline in gross margin to 18.2%. Our team successfully completed the full liquidation of our position between July 24 and 26. From the initial trading plan to the complete liquidation of our position, it took over four months, and we achieved a 60% return on our investment in Tesla, significantly enhancing the overall return of our US sharemarket investment portfolio.

This investment experience not only validated my investment strategy but also deeply highlighted the significant differences in thinking between institutional investors and retail investors. Institutional investors typically possess a long-term strategic perspective and profound market psychology insights, enabling them to accurately time their buy and sell decisions amidst market fluctuations.

In this investment exercise, one particularly notable aspect was that after the release of the Q1 earnings report, despite the fundamentals showing negative signals and technical analysis indicating a bearish trend, many market participants chose to exit and sell their holdings during the stock's slump. However, during this same period, our team acted contrarily, continuing to accumulate shares. This decision was based on a firm belief in Tesla's long-term growth potential and a deep understanding of the nature of market fluctuations.

This raises a crucial question: when Tesla faces adverse market conditions, would you choose to press the 'buy' or 'sell' button? This decision, though seemingly simple, truly tests the depth of an investor's market analysis and the loyalty to their own investment philosophy.

The differences between institutional investors and retail investors in the market mainly lie in market sentiment management, professionalism, and information sources. Institutional investors, leveraging their extensive resources and professional expertise, can respond more calmly to market fluctuations and make rational investment decisions. In contrast, retail investors are more prone to being influenced by emotions and information asymmetry, leading to irrational investment behaviors.

Understanding these differences can help us better manage risk in the market and make rational investment decisions. For example, institutional investors often engage in contrarian strategies, buying during market panics and reducing positions when the market is overheated. On the other hand, retail investors are more emotional, tend to chase gains when the market is rising, and engage in panic selling during market declines. They are more susceptible to herd mentality, blindly following the crowd, and often lack independent thinking and judgment.

In today's session, we reviewed a successful investment case together. However, just as light and shadow coexist in the world of investing, our portfolio also contains cases of losses. In the future, I will also share those investment failures with you, discussing how we conducted reviews and summaries, as each failure is a valuable opportunity for learning and growth.

Through today's case, I hope to convey a core message to every investor: in the market, once you have conducted thorough research and established your trading plan, you should execute it with conviction. Do not let short-term market fluctuations or emotions influence your decisions. Just like with PLS and IEL in our portfolio, if your strategy remains valid and the fundamentals and technical aspects have not changed, you should not deviate from your plan due to price movements or market sentiment. If you can do this, you will avoid panic selling at market bottoms, as we saw with Tesla trading last year.

Therefore, I want to leave you with a crucial piece of advice: "Plan your trade, trade your plan." This not only means conducting thorough research and analysis before making any trade and formulating clear entry and exit strategies; more importantly, during the execution of the trade, you need to exhibit extreme discipline, sticking to your original plan without being swayed by any external factors. Such discipline is key to avoiding emotional decisions and reducing the risk of irrational behaviour.

Plan your trade, trade your plan. Can you do it?

Last Friday, I introduced the core business of our group as a global integrated financial investment management company, covering stocks, funds, bonds, real estate, and alternative investments such as hedge funds, private equity, and cryptocurrencies. Our goal is to provide professional investment management services to help you gain a deep understanding and mastery of global financial market dynamics.

To better expand investors' horizons in the financial markets, last Friday, I conducted a survey to inquire about which financial areas, besides stocks, you are interested in learning more about. The results showed that many investors are highly interested in the forex market, cryptocurrency market, and real estate market. Additionally, some investors expressed a desire to increase their knowledge of the gold and crude oil markets.

In light of this, I plan to incorporate more in-depth discussions on these areas in the upcoming sessions, in addition to the basic knowledge of stocks. This week, with the European Central Bank's interest rate decision and the U.S. non-farm payroll data set to be released, the financial markets are expected to experience new volatility. This provides us with an excellent learning opportunity to understand how different financial products perform under the influence of global economic events.

I would like to know which topic you would prefer to be added to this week's sessions in addition to stock knowledge—forex, Australian real estate, or cryptocurrency. Please inform my assistant of your choice, and we will adjust the session content according to your needs. This will ensure that every investor can gain the maximum benefit from our sessions and gradually build a comprehensive understanding of the global financial markets.

In our investment portfolio, the performance of PLS, COL, and CWY stocks has aligned with our predictions, showing positive market trends. PLS successfully halted its decline and began to rebound after strong buying support on Friday; COL is also poised to break out of its long-term consolidation trend and start a new upward trend due to substantial buying pressure; and CWY continues to rise following our predetermined 'golden moving average' buy point. The performance of these stocks validates our trading strategy, and we will continue to execute according to the established trading plan.

Today, despite the overall market uptrend, IEL experienced a slight decline. Let's analyze this phenomenon from the perspective of capital flows:

There is a saying in the sharemarket: 'Sky-high volume meets sky-high price, ground-level volume meets ground-level price.' This means that when a stock's trading volume is extremely high, its price is usually at its peak; conversely, when the trading volume is very low, the price is often at its lowest point.

Last Friday, IEL's stock price saw unusually high trading volume at a stage low, a typical example of 'ground-level price meets sky-high volume,' which usually indicates a potential market reversal. This substantial volume suggests that a large number of investors began buying at the current low price, viewing it as an attractive buying opportunity.

Looking back at IEL's history, a similar situation last occurred in 2021, when the stock price showed the 'ground-level price meets sky-high volume' signal after three years of adjustment. This indicates that IEL's stock price might be on the verge of a technical reversal.

For our investors, this is an important lesson: a decline in stock prices should not be a cause for panic. As long as the stock's trend, technical structure, and fundamentals align with our expectations, we should steadfastly execute our trading plan. What is truly concerning are those stocks that the market ignores and lack price volatility, as they show no signs of market activity.

Therefore, with stocks like IEL, even if there is a short-term price drop, as long as the long-term signals remain positive, we should remain patient and stick to our investment strategy.

Due to time constraints, today's session will conclude here. I sincerely thank each of you for your enthusiastic participation!

Based on your investment experience and the individual stocks we discussed in class, reflect on your behavioural biases in trading and how they differ from those of professional institutions. In what aspects do you exhibit behaviours typical of retail investors, and in what aspects do you perform more like institutional investors? Most importantly, what specific measures do you plan to take to improve your trading behaviour, making it more rational and scientific? You can organize your thoughts and the measures you intend to take into a reflection report and share it with me or my assistant Liliana.

Good night, dear investors!